

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-359-WS - ORDER NO. 2008-492
JULY 15, 2008

IN RE: Application of Total Environmental)	ORDER APPROVING
Solutions, Inc. for Approval of Customer)	AND ADOPTING
Agreement and Related Responsibilities,)	SETTLEMENT
Rates and Charges)	AGREEMENT
)	
)	

I. INTRODUCTION AND PROCEDURAL HISTORY

This matter comes before the Public Service Commission of South Carolina (hereinafter the "Commission") on the application, filed on or about September 29, 2007, by Total Environmental Solutions, Inc. ("TESI" or the "Company"), for Approval of Customer Agreement and Related Responsibilities, Rates and Charges.

By letter dated October 10, 2007, the Commission's Docketing Department instructed TESI to publish a prepared Notice of Filing, one time, in newspapers of general circulation in the area affected by TESI's Application. The Notice of Filing described the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for inclusion in the proceedings as a party of record. TESI furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published in a newspaper of general circulation in the area affected by TESI's Application.

On or about November 9, 2007, the Foxwood Hills Property Owners Association (“Foxwood POA”) filed a petition to intervene in the matter. The owners of the properties directly affected by the proposed Customer Agreement are all members of the Foxwood POA. Pursuant to S.C. Code Ann. Section 58-4-10(B) (Supp. 2007), the Office of Regulatory Staff (“ORS”) is also a party of record in this proceeding. Foxwood POA, ORS and TESI are the only Parties of record in the above-captioned docket. As a result of settlement negotiations between and among them, the Parties have determined that their interests are best served by entering into a Settlement Agreement resolving the issues in this matter.

The parties have stipulated to the entry of the settlement testimony of Bill Schoening, the Chief Executive Officer of TESI, in support of the Settlement Agreement. The Settlement Agreement would provide certainty to the Parties with regard to the repair and maintenance of residential grinder pumps in the Foxwood Hills subdivision. Under the Settlement Agreement, each property owner will be allowed to elect whether to enter into the Property Owner Agreement with TESI to have TESI repair and maintain the grinder pump at the property owner’s expense, or whether to repair and maintain his or her own grinder pump. If a property owner elects not to enter into the Property Owner Agreement with TESI, he or she may continue to maintain his or her own grinder pump, but TESI shall oversee the repair, maintenance, or replacement of the grinder pump. The property owners who elect to have TESI repair and maintain their grinder pumps will be charged only for the amount charged to TESI by the third-party contractors who perform

the work. TESI will not charge the affected customers for the personnel and overhead costs incurred in managing the grinder pump repair and maintenance process.

By signing the Agreement, counsel for all the Parties have acknowledged their respective clients' consent to its terms. The Parties have now presented their Settlement Agreement to the Commission for review and have jointly requested that the Commission approve and adopt the terms of the Settlement Agreement.

II. DISCUSSION OF THE COMMISSION'S JURISDICTION

By statute, the Commission is vested with power and jurisdiction to supervise and regulate the rates and service of every public utility in this State, together with the duty after hearing, to ascertain and fix such just and reasonable standards, classifications, regulations, practices, and measurements of service to be furnished, imposed, observed, and followed by every public utility in this State. S.C. Code Ann. Section 58-5-210 (1976). Further, it is incumbent upon the Commission to approve rates which are just and reasonable, not only producing revenues and an operating margin within a reasonable range, but which also distribute fairly the revenue requirements, considering the price at which the company's service is rendered and the quality of that service. Seabrook Island Property Owners Association v. South Carolina Public Service Commission, 303 S.C. 493, 401 S.E. 2d 672 (1991).

Further, the Settlement Policies and Procedures of the Commission (Revised 6/13/2006) are pertinent to the matter before the Commission and consistent with its statutory duties. Section II of that document ("Consideration of Settlements") states:

When a settlement is presented to the Commission, the Commission will prescribe procedures appropriate to the

nature of the settlement for the Commission's consideration of the settlement. For example, the Commission may summarily accept settlement of an essentially private dispute that has no significant implications for regulatory law or policy or for other utilities or customers upon the written request of the affected Parties. On the other hand, when the settlement presents issues of significant implication for other utilities, customers, or the public interest, the Commission will convene an evidentiary hearing to consider the reasonableness of the settlement and whether acceptance of the settlement is just, fair, and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy. Approval of such settlements shall be based upon substantial evidence in the record.

In this case, the Company, the ORS, and the Foxwood POA all were parties of record, and all participated fully in the negotiations which produced the Settlement Agreement. The Settlement Agreement preserved for each and every affected property owner the right to choose whether or not to enter into the proposed maintenance agreement with TESI without in any way affecting his or her right to receive utility service from TESI. Under these circumstances, where the proposed changed circumstance for the customer is elective, and where the customer's right to maintain the status quo, if so desired, is preserved, we find that the public interest may be served without the necessity of a formal hearing. Accordingly, we find that this matter is ripe for disposition by expedited hearing and approve the Settlement Agreement.

III. CONCLUSION AND ORDER

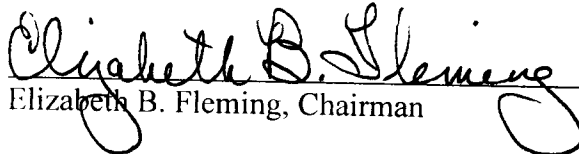
We find that the terms agreed to by the Parties, which are specified in the Agreement and described in this Order, are just and reasonable. All affected persons or entities were adequately represented in the negotiations which produced the proposed

Settlement Agreement, and no person or entity will suffer any prejudice as a result of our approval of the Settlement Agreement. Furthermore, to the extent that the Settlement Agreement provides all Parties and affected persons and entities with certainty with regard to the repair and maintenance of the grinder pumps in the Foxwood Hills subdivision, the Settlement Agreement is in the public interest. We therefore approve and adopt the Settlement Agreement.

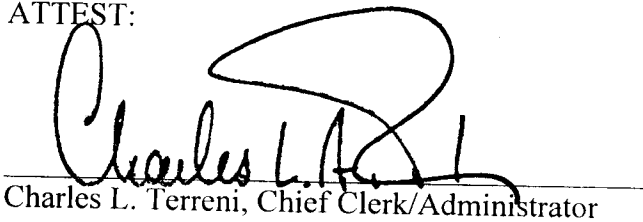
IT IS THEREFORE ORDERED THAT:

1. The Agreement, attached hereto as Order Exhibit 1, is incorporated into and made a part of this Order by reference.
2. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Elizabeth B. Fleming, Chairman

ATTEST:


Charles L. Terreni, Chief Clerk/Administrator

(SEAL)

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2007- 359-W/S

IN RE:)	
)	
Application of Total Environmental)	
Solutions, Inc. for Approval of Customer)	SETTLEMENT AGREEMENT
Agreement and Related Responsibilities,)	
Rates and Charges)	
)	

This Settlement Agreement ("Settlement Agreement") is made by and among the South Carolina Office of Regulatory Staff ("ORS"), Total Environmental Solutions, Inc. ("TESI" or "the Company") and the Foxwood Hills Property Owners Association ("POA") (collectively referred to as the "Parties", and comprising all parties of record to this proceeding);

WHEREAS, on September 27, 2007, TESI filed its Application for consideration and approval by the Commission;

WHEREAS, on October 4, 2007, counsel for ORS entered a Notice of Appearance in this matter;

WHEREAS on October 10, 2007, the Commission issued a Notice of Filing and established a deadline of October 19, 2007 for TESI to publish the Notice in newspapers of general circulation in the affected areas and also to furnish the Notice to all current customers and property owners with grinder pumps connecting to the low pressure portion of the wastewater collection system within Foxwood Hills. A return date was established of November 9, 2007 for the filing of letters of protest or petitions to intervene and;

WHEREAS, on November 9, 2007, the Foxwood Hills Property Owners Association ("POA") filed a Petition to Intervene in this docket;

WHEREAS, on December 4, 2007, the Commission issued a Notice of Hearing and Prefile Notice in this matter;

WHEREAS, on January 24, 2008, the Company pre-filed the direct testimony of Bill Schoening with the Commission;

WHEREAS, on February 7, 2008, the Commission issued the Notice of Rescheduled Hearing in this matter;

WHEREAS, no parties other than TESI filed testimony in this docket;

WHEREAS, on March 14, 2008, TESI requested by letter a two-week postponement of the hearing so that the parties can finalize, circulate and file a Settlement Agreement in the proceeding;

WHEREAS, on March 17, 2008, the Commission issued the second Notice of Rescheduled Hearing in this matter for April 23, 2008;

NOW THEREFORE, the Parties have settled the issues before the Commission in this proceeding as follows:

1. The purpose of this proceeding is for the Commission to review the Proposal that TESI has set forth in its Application and Testimony;

2. ORS and the POA have fully reviewed and understand TESI's Proposal. The Parties agree that the Proposal, as modified and set forth through this Settlement Agreement, is just, fair and reasonable, in the public interest, and otherwise in accordance with law and regulatory policy.

3. The Parties hereby stipulate that the Testimony of Bill Schoening, as modified by this Settlement Agreement, presents sufficient probative evidence to fully support the Commission's approval of this Settlement. The Parties therefore stipulate to that testimony and the Proposal set forth therein, as modified by this Settlement Agreement.

4. The Proposal set forth in this Settlement Agreement is identical to the proposal set forth in the Testimony of Bill Schoening, with the exception that

a. the Property Owners Agreement now includes the bold language set forth at the top of the first page; and

b. TESI agrees to send out informational letters to the affected property owners prior to the meeting, as fully set forth in the next paragraph.

5. Within forty five (45) days of issuance of the Commission's Order approving this Settlement Agreement, TESI and DHEC will meet with the homeowners in Foxwood Hills served by applicable residential grinder pumps (the "Affected Property Owners") and explain the terms of the Property Owner Agreement that is attached hereto as **Exhibit 1**, along with the related ownership requirements, financial responsibilities, and procedures for notification of any malfunctions. Prior to the meeting, TESI will send a letter to all Affected Property Owners explaining the Property Owner Agreement and informing the Affected Property Owners that they are under no obligation to sign the Property Owner Agreement, and that a decision not to sign will not affect any customer's right to continue to receive service from TESI.

6. Following that meeting with the Affected Property Owners, TESI will exercise due diligence to obtain a signed Property Owner Agreement from each property owner at Foxwood Hills served by an applicable residential grinder pump. If TESI does not

receive a signed Agreement with any such Property Owner, TESI will promptly inform DHEC's Region I-Anderson Office. With regard to new customers, TESI will offer the approved Property Owner Agreement to each prospective new customer to be served by an applicable residential grinder pump as part of the new customer's application process. TESI will exercise due diligence to obtain a signed approved Property Owner Agreement from each applicable new customer. If TESI does not receive a signed Agreement with any such customer, TESI will promptly inform DHEC's Region I-Anderson Office. TESI will secure customer signatures on all Property Owner Agreements that it can within ninety (90) days of the Commission's final approval of this Settlement Agreement. TESI will provide DHEC with a list of customers who decide not to sign an Agreement and the apparent reason the customer decided not to sign.

7. The parties agree at the end of this ninety (90) day period, TESI will then be responsible to repair and maintain all current and future grinder pumps for which TESI has received and maintains a signed Property Owner Agreement. In the event TESI, after its best efforts, does not receive fully executed Property Owner Agreements from particular property owners, TESI and DHEC have agreed that TESI will then be responsible to *oversee* those property owners' repair, maintenance and/or replacement of the grinder pumps, but TESI will not effectuate the repairs and maintenance itself.

8. The Parties agree that the Terms of Service portion of TESI's approved tariff should be modified to add the following provision:

From time to time the Utility will provide information to customers with grinder pumps regarding proper grinder pump operation and maintenance. This information will, among other things, set forth the customer's responsibility to provide adequate and uninterrupted electrical service to his or her grinder pump, and will include a list of substances that the customer should not introduce into the Utility's

wastewater system. This information will be available at the Utility's office within Foxwood Hills during regular business hours, and will also be provided to the each applicable new customer when they initially sign up for service.

The Parties agree that this provision should help avoid grinder pump malfunctions, which will be in the best interests of TESI's customers.

9. Certain grinder pumps located on two types of customer properties within Foxwood Hills are not governed by this Settlement Agreement, and TESI will not seek Property Owner Agreements from these customers:

- a. Grinder pumps that are connected to the Foxwood WWCS gravity lines, rather than TESI's low pressure lines; and
- b. Grinder pumps that service Kinston Manor and Villas of Foxwood condominiums.

10. The proposed arrangement gives DHEC the certainty it needs with regard to who or what entity is responsible for the proper repair and maintenance of each grinder pump within Foxwood Hills, that this arrangement provides Foxwood Hills property owners who wish for TESI to repair and maintain their grinder pumps with a financially and operationally fair method for doing so; and, finally, that the arrangement allows property owners to freely continue repairing and maintaining their grinder pumps if that is their preference.

11. The Parties agree that TESI's Application, exhibits to the Application, and the pre-filed testimony of the Company's witness Bill Schoening are incorporated into this Settlement Agreement and made a part hereof, and hereby stipulate these documents along with this Settlement Agreement, into the record of this proceeding.

12. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS hereby asserts that the Settlement Agreement reached among the Parties serves the public interest as defined above;

13. The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

14. The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its

entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.

15. This Settlement Agreement shall be interpreted according to South Carolina law.

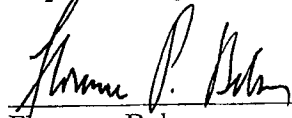
16. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

17. The Parties agree that this matter meets the requirements of S.C. Code Ann. §58-5-240(G) (Supp. 2007) and that, therefore, no hearing in this matter is now required. The Parties jointly request that the Commission waive hearing in this proceeding and issue an order approving and adopting this Settlement.

[Signature page to follow]

WE AGREE:

Representing the Office of Regulatory Staff



Florence Belser
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, SC 29201
Telephone: (803) 737-0853
Fax: (803) 737-0895
fbelser@regstaff.sc.gov

April 2, 2008
Date

WE AGREE:

Representing Total Environmental Solutions, Inc.

John F. Beach, Esquire
Ellis, Lawhorne & Sims, P.A.
Post Office Box 2285
Columbia, SC 29202
Telephone: (803) 343-1269
Fax: (803) 799-8479
Email: jbeach@ellislawhorne

Date

WE AGREE:

Representing the Foxwood Hills Property Owners Association

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1901 Main Street, Suite 1200
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Telephone: (803) 779-8900
Email: fellerbe@robinsonlaw.com

Date

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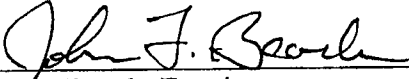
Representing the Office of Regulatory Staff

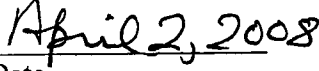
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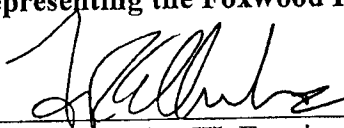
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4-2-08

Date

Exhibit 1

**VOLUNTARY CONTRACT - TESI CUSTOMERS ARE UNDER NO
OBLIGATION TO SIGN AND REFUSAL TO SIGN WILL NOT AFFECT ANY
CUSTOMER'S RIGHT TO CONTINUE TO RECEIVE SERVICE FROM TESI.**

**AGREEMENT BETWEEN
TOTAL ENVIRONMENTAL SOLUTIONS, INC.
AND PROPERTY OWNER**

This Agreement is hereby entered into on this the _____ day of _____, 20____ between _____ (“Property Owner”), the record owner of Lot #____, Section _____ of Foxwood Hills Subdivision, Oconee County, South Carolina (the “Property”), and Total Environmental Solutions, Inc. (“TESI” or the “Utility”), a licensed utility company in the State of South Carolina. (Property Owner and TESI collectively referred to herein as the “Parties”)

WHEREAS TESI provides sewer service at the Property within Foxwood Hills; and

WHEREAS a grinder pump is located on the Property, and a home on the Property connects to the Foxwood wastewater collection system (“WWCS”) at a low pressure line owned by TESI; and

WHEREAS the Parties wish to enter into this Agreement in order to establish TESI’s right to access the Property to repair and maintain the grinder pump, and set forth the Parties’ respective rights and obligations with regard to the operation, repair, and maintenance of the grinder pump;

THEREFORE, for good and valuable consideration, including the mutual promises set forth herein, TESI and the Property Owner agree as follows:

EASEMENT AND RIGHT OF WAY

1. Property Owner warrants that he or she is the owner of record for the Property, and is legally authorized and entitled to enter into this Agreement.

2. Property Owner hereby grants and conveys to the Utility an easement and right of way on, over and across the Property necessary for the Utility to repair and maintain the grinder pump, as set forth herein. This easement and right of way includes extending to the Utility, its agents, servants, and employees, the right to enter upon the Property at any and all times to the extent necessary to maintain, repair, and/or replace the grinder pump station located thereon.

3. Property Owner agrees and warrants to immediately notify the Utility in writing in the event the Property Owner intends to sell or lease the Property and, in any event, Property Owner shall notify the Utility in writing at least ten (10) days prior to closing on said sale or entering into said lease, identifying the purchaser or lessee, including his or her full name, address, and telephone number. Property Owner also agrees to provide the purchaser and/or lessee with a copy of this Agreement at least ten (10) days prior to closing or entering into said lease.

4. In the event the Property Owner leases the Property and said lessee becomes the customer of the Utility in lieu of the Property Owner, Property Owner will provide a copy of this Agreement to the lessee at least ten (10) days prior lessee's occupation of the Property. In the event that Property Owner leases the Property, Property Owner will still retain its obligations under this Agreement, but will notify Lessee that he or she is leasing the property subject to the easement and right of way and all other applicable obligations set forth herein.

PROPERTY OWNER OBLIGATIONS

1. In the case of new construction that includes the installation of a grinder pump:
 - a. Property Owner will submit its plan for the grinder pump installation to the Utility for approval prior to installation;
 - b. Utility will specify the pump size and type necessary to adequately serve the Property;
 - c. Utility will specify the proper design and installation of the grinder pump, check valves, alarm or other warning device, electrical service, service line, inspection ports, and other appurtenances necessary to adequately serve the Property (collectively, the “grinder pump system”);
2. Property Owner shall provide and maintain, and/or insure that Lessee provides and maintains, adequate electrical power to the grinder pump at all times.
3. Property Owner shall assure the Utility all ingress to and egress from and around the Property necessary for inspection and repair purposes, and shall inform any Lessee that he or she, in leasing the Property, also undertakes such obligations.
4. Property Owner shall not introduce non-biodegradable or harmful products, including those specified by the Utility, into Customer’s sewer lines leading to the grinder pump, and shall inform any Lessee that he or she, in leasing the Property, also undertakes such obligations.
5. Property Owner shall immediately notify the Utility in the event of a spill or other malfunction of the grinder pump and shall inform any Lessee that he or she, in leasing the Property, also undertakes such obligations.

6. Property Owner shall bear the cost of any repair or maintenance of the grinder pump, as more fully set forth below.

In the event that the Utility determines, in its sole discretion, that any portion of the Property Owner's grinder pump system is in need of repair, maintenance, and/or replacement, the Utility shall have such work performed by one or more third party contractor in a timely and workmanlike fashion.

In the event that the work described in the preceding paragraph will cost \$250 or less, then the Utility will have the work performed as necessary. In the event that such work will cost more than \$250, the Utility will attempt to contact the Property Owner to determine if the Property Owner desires for the Utility to proceed with the repair, maintenance, and/or repair of the grinder pump system. If in the Utility's sole discretion the situation constitutes an emergency (i.e., sewage being released to the environment or a release is imminent, fire hazard, safety hazard, etc.), the Utility may immediately disconnect the customer's water and sewer service lines from the Utility system and contact the Property Owner before proceeding to have the work completed by the contractor. If the Utility is unsuccessful in its attempt to reach the Property Owner, then the Utility may proceed with the disconnection of the customer's water and sewer service lines from the Utility system (if warranted) and contact the Property Owner before proceeding to have the work completed by the contractor. The Property Owner will notify the Utility in writing whether to repair the system immediately or refrain from proceeding with the work. In the event the Property Owner decides for the Utility to refrain, the Utility shall continue the Property Owner's disconnection from the system until the Property Owner notifies the Utility in writing to proceed.

Upon completion of such work, the Utility shall present to the Property Owner an invoice for all costs, including parts and third party labor, expended by the third party contractor(s) in the performance of such work. The Property Owner agrees that he or she shall pay the Utility the amount set forth on the subject invoice within thirty (30) days of the date of the invoice.

In the event that Property Owner or any Lessee fails to perform any of their obligations under this Agreement Utility shall have the right to terminate water and sewer service to the Property in accordance with the requirements and procedures established by the South Carolina Public Service Commission.

UTILITY OBLIGATIONS

1. In exchange for the right and obligations set forth herein, the Utility shall be directly responsible for the repair and maintenance of the subject grinder pump system.
2. Utility agrees to repair and maintain the grinder pump system and keep it in operation as follows:
 - a. Installation of individual pumps and associated appurtenances will be under the supervision of the Utility.
 - b. Effluent piping from grinder pump to collection tap will be under the supervision of the Utility.
 - c. The Utility shall maintain at Foxwood Hills a grinder pump inventory, currently approved model, of 2% of the total number of pumps subject to

an Agreement between the customer and the Utility, but not in any event less than one (1).

- d. Utility shall specify the currently approved model grinder pump, which the Property Owner may obtain from the Utility, the pump manufacturer, or any third party distributor approved for warranty purposes by the pump manufacturer.

The Property Owner and the Utility shall be subject to all other rules, regulations, and tariff provisions otherwise applicable to Utility's provision of water and sewer service to the Property Owner. To the extent that any of the provisions set forth herein conflict with such other rules, regulations, and tariffs, the provisions of this Agreement shall govern.

This Agreement entered into this _____ day of _____,
200__.

PROPERTY OWNER

TOTAL ENVIRONMENTAL SOLUTIONS, INC.